

106TH CONGRESS  
1ST SESSION

# S. 1209

To amend the Internal Revenue Code of 1986 to restore pension limits to equitable levels, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 10, 1999

Mr. MURKOWSKI (for himself, Mr. STEVENS, and Mr. SANTORUM) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to restore pension limits to equitable levels, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. AMENDMENT OF 1986 CODE.**

4       Except as otherwise expressly provided, whenever in  
5       this Act an amendment or repeal is expressed in terms  
6       of an amendment to, or repeal of, a section or other provi-  
7       sion, the reference shall be considered to be made to a  
8       section or other provision of the Internal Revenue Code  
9       of 1986.

1 **SEC. 2. GENERAL RETIREMENT PLAN LIMITS.**

2 (a) **DEFINED BENEFIT PLANS.—**

3 (1) **DOLLAR LIMIT.—**

4 (A) **IN GENERAL.**—Subparagraph (A) of  
 5 section 415(b)(1) (relating to limitation for de-  
 6 fined benefit plans) is amended by striking  
 7 “\$90,000” and inserting “\$180,000”.

8 (B) **AGE ADJUSTMENTS.**—Subparagraphs  
 9 (C) and (D) of section 415(b)(2) are each  
 10 amended by striking “\$90,000” each place it  
 11 appears in the headings and the text and in-  
 12 serting “\$180,000”.

13 (C) **COLLECTIVELY BARGAINED PLANS.—**  
 14 Paragraph (7) of section 415(b) (relating to  
 15 benefits under certain collectively bargained  
 16 plans) is amended by striking “the greater of  
 17 \$68,212 or one-half the amount otherwise ap-  
 18 plicable for such year under paragraph (1)(A)  
 19 for ‘\$90,000’” and inserting “one-half the  
 20 amount otherwise applicable for such year  
 21 under paragraph (1)(A) for ‘\$180,000’”.

22 (2) **LIMIT REDUCED WHEN BENEFIT BEGINS**  
 23 **BEFORE AGE 62.**—Subparagraph (C) of section  
 24 415(b)(2) is amended by striking “the social security  
 25 retirement age” each place it appears in the heading  
 26 and text and inserting “age 62”.

1           (3) LIMIT INCREASED WHEN BENEFIT BEGINS  
 2       AFTER AGE 65.—Subparagraph (D) of section  
 3       415(b)(2) is amended by striking “the social security  
 4       retirement age” each place it appears in the heading  
 5       and text and inserting “age 65”.

6           (4) MULTIEMPLOYER PLANS AND PLANS MAIN-  
 7       TAINED BY GOVERNMENTS AND TAX EXEMPT ORGA-  
 8       NIZATIONS.—Subparagraph (F) of section 415(b)(2)  
 9       is amended to read as follows:

10                   “(F) MULTIEMPLOYER PLANS AND PLANS  
 11                   MAINTAINED BY GOVERNMENTS AND TAX EX-  
 12                   EMPT ORGANIZATIONS.—

13                           “(i) IN GENERAL.—In the case of a  
 14                           governmental plan (within the meaning of  
 15                           section 414(d)), a plan maintained by an  
 16                           organization (other than a governmental  
 17                           unit) exempt from tax under this subtitle,  
 18                           a multiemployer plan (as defined in section  
 19                           414(f)), or a qualified merchant marine  
 20                           plan, subparagraph (C) shall be applied as  
 21                           if the last sentence thereof read as follows:  
 22                           ‘The reduction under this subparagraph  
 23                           shall not reduce the limitation of para-  
 24                           graph (1)(A) below (i) \$130,000 if the  
 25                           benefit begins at or after age 55, or (ii) if

1 the benefit begins before age 55, the equiv-  
2 alent of the \$130,000 limitation for age  
3 55.’.

4 “(ii) DEFINITIONS.—For purposes of  
5 this subparagraph—

6 “(I) QUALIFIED MERCHANT MA-  
7 RINE PLAN.—The term ‘qualified mer-  
8 chant marine plan’ means a plan in  
9 existence on January 1, 1986, the  
10 participants in which are merchant  
11 marine officers holding licenses issued  
12 by the Secretary of Transportation  
13 under title 46, United States Code.

14 “(II) EXEMPT ORGANIZATION  
15 PLAN COVERING 50 PERCENT OF ITS  
16 EMPLOYEES.—A plan shall be treated  
17 as a plan maintained by an organiza-  
18 tion (other than a governmental unit)  
19 exempt from tax under this subtitle if  
20 at least 50 percent of the employees  
21 benefiting under the plan are employ-  
22 ees of an organization (other than a  
23 governmental unit) exempt from tax  
24 under this subtitle. If less than 50  
25 percent of the employees benefiting

1 under a plan are employees of an or-  
 2 ganization (other than a governmental  
 3 unit) exempt from tax under this sub-  
 4 title, the plan shall be treated as a  
 5 plan maintained by an organization  
 6 (other than a governmental unit) ex-  
 7 empt from tax under this subtitle only  
 8 with respect to employees of such an  
 9 organization.”

10 (5) COST-OF-LIVING ADJUSTMENTS.—Sub-  
 11 section (d) of section 415 (related to cost-of-living  
 12 adjustments) is amended—

13 (A) in paragraph (1)(A) by striking  
 14 “\$90,000” and inserting “\$180,000”, and

15 (B) in paragraph (3)(A)—

16 (i) by striking “\$90,000” in the head-  
 17 ing and inserting “\$180,000”, and

18 (ii) by striking “October 1, 1986” and  
 19 inserting “July 1, 1999”.

20 (b) DEFINED CONTRIBUTION PLANS.—

21 (1) IN GENERAL.—Subparagraph (B) of section  
 22 415(c)(1) (relating to limitation for defined con-  
 23 tribution plans) is amended to read as follows:

24 “(B) the participants’ compensation.”

1           (2) CONFORMING AMENDMENT.—Section  
2   415(n)(2)(B) is amended by striking “percentage”.

3   (c) COST-OF-LIVING ADJUSTMENTS.—

4           (1) PLANS MAINTAINED BY GOVERNMENTS AND  
5   TAX EXEMPT ORGANIZATIONS.—Paragraph (1) of  
6   section 415(d) (as amended by subsection (a)) is  
7   amended by striking “and” at the end of subpara-  
8   graph (B), by redesignating subparagraph (C) as  
9   subparagraph (D), and by inserting after subpara-  
10   graph (B) the following new subparagraph:

11           “(C) the \$130,000 amount in subsection  
12           (b)(2)(F), and.”

13           (2) BASE PERIOD.—Paragraph (3) of section  
14   415(d) (as amended by subsection (a)) is amended  
15   by redesignating subparagraph (D) as subparagraph  
16   (E) and by inserting after subparagraph (C) the fol-  
17   lowing new subparagraph:

18           “(D) \$130,000 AMOUNT.—The base period  
19           taken into account for purposes of paragraph  
20           (1)(C) is the calendar quarter beginning July 1,  
21           1999.”

22           (3) ROUNDING RULE RELATING TO DEFINED  
23   BENEFIT PLANS.—Paragraph (4) of section 415(d)  
24   is amended to read as follows:

25           “(4) ROUNDING.—

1           “(A) \$180,000 AMOUNT.—Any increase  
 2           under subparagraph (A) or (D) of paragraph  
 3           (1) which is not a multiple of \$5,000 shall be  
 4           rounded to the next lowest multiple of \$5,000.

5           “(B) \$130,000 AMOUNT.—Any increase  
 6           under subparagraph (C) of paragraph (1) which  
 7           is not a multiple of \$1,000 shall be rounded to  
 8           the next lowest multiple of \$1,000.”

9           (4) CONFORMING AMENDMENT.—Subparagraph  
 10          (D) of section 415(d)(3) (as amended by paragraph  
 11          (2)) is amended by striking “paragraph (1)(C)” and  
 12          inserting “paragraph (1)(D)”.

13 **SEC. 3. TREATMENT OF MULTIEMPLOYER PLANS UNDER**  
 14 **SECTION 415.**

15          (a) COMPENSATION LIMIT.—Paragraph (11) of sec-  
 16          tion 415(b) (relating to limitation for defined benefit  
 17          plans) is amended to read as follows:

18               “(11) SPECIAL LIMITATION RULE FOR GOVERN-  
 19               MENTAL AND MULTIEMPLOYER PLANS.—In the case  
 20               of a governmental plan (as defined in section  
 21               414(d)) or a multiemployer plan (as defined in sec-  
 22               tion 414(f)), subparagraph (B) of paragraph (1)  
 23               shall not apply.”

24          (b) COMBINING AND AGGREGATION OF PLANS.—

1 (1) COMBINING OF PLANS.—Subsection (f) of  
 2 section 415 (relating to combining of plans) is  
 3 amended by adding at the end the following:

4 “(3) EXCEPTION FOR MULTIEMPLOYER  
 5 PLANS.—Notwithstanding paragraph (1) and sub-  
 6 section (g), a multiemployer plan (as defined in sec-  
 7 tion 414(f)) shall not be combined or aggregated  
 8 with any other plan maintained by an employer for  
 9 purposes of applying the limitations established in  
 10 this section, except that such plan shall be combined  
 11 or aggregated with another plan which is not such  
 12 a multiemployer plan solely for purposes of deter-  
 13 mining whether such other plan meets the require-  
 14 ments of subsection (b)(1)(A).”.

15 (2) CONFORMING AMENDMENT FOR AGGREGA-  
 16 TION OF PLANS.—Subsection (g) of section 415 (re-  
 17 lating to aggregation of plans) is amended by strik-  
 18 ing “The Secretary” and inserting “Except as pro-  
 19 vided in subsection (f)(3), the Secretary”.

20 **SEC. 4. EFFECTIVE DATE.**

21 The amendments made by this Act shall apply to  
 22 years beginning after December 31, 1999.

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